



COPY

OFFICE OF HOMELAND SECURITY

February 4, 2009

Mr. Sonny Fong
Department of Water Resources
1416 Ninth Street
Sacramento, CA. 94236-0001

Monitoring Report #M08-031

Dear Mr. Fong:

On November 4, 2008, the Office of Homeland Security (OHS), Monitoring and Audits Unit, Program Monitor, James Lewis conducted a desk monitoring review for the purpose of monitoring the State Department of Water Resources OHS Grant Programs. I wish to thank you and your staff for the courtesy extended to Mr. Lewis during the review process. Enclosed, you will find the monitoring report for the following grants:

| GRANT | PROGRAM NAME | PERIOD MONITORED |
|----------------------|---|---------------------|
| 2004-0045 #000-92004 | FY04 Homeland Security Grant Program (HSGP) | 12/01/05 - 11/30/06 |

The monitoring included a review of staffing needs, operational practices, source documentation, activities, and data reporting requirements. In addition, the monitor examined the grant for compliance with federal financial, administrative and auditing requirements, program guidelines, and other mandates as applicable. Finally, the monitor performed a selected review of accounting records that support the amounts claimed in your reimbursement requests. Project expenditures were validated to provide reasonable assurance that expenses are related to the grant, proper records are maintained, and expenditures are properly authorized and recorded.

As a reminder, the purpose of monitoring is to assist projects in the achievement of their goals and aiding them in administering their grant funds in the most effective and efficient manner. The monitoring is used as a tool to assist the subgrantee in complying with these requirements. Your OHS Program Representative will receive a copy of the monitoring report. Their name and phone number are identified on the face sheet of the report.

If the monitoring report does not identify any findings, a Corrective Action Plan is not necessary and the monitoring process is complete. **If any findings are identified in the monitoring report, you will have 120 days from the last day of the monitoring review to submit a Correction Action Plan to the Program Monitor.**

COPY

Monitoring Report #M08-031
Page 2

The corrective action process provides two options:

Option One – The subgrantee self certifies by the submission of an Action Plan that details the corrective steps implemented, and that any finding(s) noted in the monitoring report are resolved.

Option Two – Submission of an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff (i.e. technical assistance).

When corresponding to our office regarding this monitoring report, please include the monitoring control number on all correspondence. Send your response to:

Governor's Office of Homeland Security
Grants Administrative Section
Monitoring & Audits Unit
State Capitol
Sacramento, California 95814

Thank you for your participation in the monitoring process. If you have any questions regarding this letter or the attached report, please feel free to contact me at (916) 323-9153.

Sincerely,



Brendan A. Murphy
Deputy Director
Division of Administration
Grants Monitoring & Audits Unit

Attachment

cc: John Rizzardo, DWR State Water Projects Security Coordinator
Kevin Elcock, DWR Sr. Engineer, Security Operations
Sarah Knight, OHS Program Representative
Monitoring & Audits Unit, chron file
Grants Management Unit, grant file

Monitoring Report Response Form

| | |
|--|---|
| TO: Governor's Office of Homeland Security Grants Management Section Monitoring & Audits Unit State Capitol Sacramento, CA 95814 | Grant Numbers: <u>2004-0045</u> Monitoring Control Number: _____ Response Due: <u>Date: March 15, 2009</u> |
| Attention: Brendan A. Murphy Deputy Director | |

FROM: Subgrantee: State Department of Water Resources

Completed

☐

I have reviewed the above referenced monitoring report and have submitted for your review and approval, an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff.

| | | |
|----------------------------|-------------|------------|
| <hr/> Authorized Signature | <hr/> Title | <hr/> Date |
|----------------------------|-------------|------------|

| | | |
|------------------|-------------|------------------------|
| <hr/> Typed Name | <hr/> Title | <hr/> Telephone Number |
|------------------|-------------|------------------------|



**CALIFORNIA GOVERNOR'S
OFFICE OF HOMELAND SECURITY
MONITORING NARRATIVE REPORT**

| GRANT/FIPS NUMBER | PROGRAM NAME | PERIOD MONITORED | MONITORED AMOUNT |
|----------------------|---|------------------------|------------------|
| 2004-0045 #000-92004 | FY04 Homeland Security Grant Program (HSGP) | 12/01/03 to 11/30/2005 | \$250,000 |

| | | | |
|--|----------------------|----------------------------|---|
| State of California Department of Water Resources | | | |
| AUTHORIZED AGENT: | Sonny Fong | ADDRESS: | 1416 Ninth Street Sacramento, CA 96814 |
| CONTACT EMAIL: | sonnyf@water.ca.gov | | |
| CONTACT PHONE NUMBER: | (916) 654-6135 | | |
| ALTERNATE POINT of CONTACT: | Kevin Elcock | | |
| CONTACT EMAIL: | kelcock@wtaer.ca.gov | | |
| PROGRAM REPRESENTATIVE: | Sarah Knight | E-mail: | Sarah.Knight@ohs.ca.gov |
| PHONE NUMBER: | (916) 322-9067 | | |
| PROGRAM MONITOR: | James Lewis | E-mail: | James.Lewis@ohs.ca.gov |
| PHONE NUMBER: | (916) 322-2335 | DATE OF MONITORING: | November 5, 2008 |

PERSONS INTERVIEWED DURING MONITORING VISIT

| NAME | TITLE | AGENCY |
|---------------|--|--------------------------|
| Kevin Elcock | DWR Sr. Engineer, Security Operations | Dept. of Water Resources |
| John Rizzardo | DWR State Water Projects Security Coordinator | Dept. of Water Resources |
| | | |
| | | |
| | | |
| | | |

Prepared by:

James Lewis, Program Monitor, OHS Administration Division, Monitoring & Audits Unit

Date

12/16/08

Approved by:

Brendan A. Murphy, Deputy Director, OHS Administration Division, Monitoring & Audits Unit

Date

12/5/08

Department of Water Resources

Monitoring Report

| Monitoring Report Summary | Total # of Items in Category | In Compliance | Not in Compliance | Not Monitored | Not Applicable | Total |
|---|---------------------------------|---------------|----------------------|---------------|-------------------|-----------|
| A. Administrative Review | | | | | | |
| Review of Audit Reports | 2 | 2 | | | | 2 |
| Grant Assurances | 1 | 1 | | | | 1 |
| Grant Approval Notification | 2 | 2 | | | | 2 |
| Performance Reports | 1 | | | | 1 | 1 |
| Homeland Security Strategies | 1 | | 1 | | | 1 |
| Publication of Published Materials | 1 | | | | 1 | 1 |
| B. Programmatic Review | | | | | | |
| Program Goals and Objectives | 2 | 2 | | | | 2 |
| Exercise | 2 | | | | 2 | 2 |
| Training | 1 | | | | 1 | 1 |
| Planning | 1 | | | | 1 | 1 |
| C. Financial Management | | | | | | |
| Accounting System | 8 | 4 | 4 | | | 8 |
| Distribution of Funds | 1 | | | | 1 | 1 |
| Advance of Funds | 2 | | | | 2 | 2 |
| Change Requests/Modifications | 2 | 2 | | | | 2 |
| Maintenance of Records | 1 | 1 | | | | 1 |
| D. Fiscal: Personnel Services | | | | | | |
| Management and Administrative Services | 3 | | | | 3 | 3 |
| Overtime/Back Fill | 3 | | | | 3 | 3 |
| E. Fiscal: Procurement | | | | | | |
| Responsibility | 1 | 1 | | | | 1 |
| Methods of Procurement | 4 | 4 | | | | 4 |
| F. Fiscal: Equipment & Property Management | | | | | | |
| Equipment Purchases | 3 | 3 | | | | 3 |
| Property Management & Records Keeping | 2 | | 2 | | | 2 |
| G. Subgrantee Monitoring & Oversight | | | | | | |
| Subrecipient single audit requirements | 1 | | | | 1 | 1 |
| Management and Administrative Responsibility | 1 | | | | 1 | 1 |
| Overtime/Backfill/CFO Responsibility | 1 | | | | 1 | 1 |
| Procurement Responsibility | 1 | | | | 1 | 1 |
| Equipment & Property Management Responsibility | 1 | | | | 1 | 1 |
| Total | 49 | 22 | 7 | 0 | 20 | 49 |

Department of Water Resources Monitoring Report

PROGRAM SUMMARY

Corrective Action Plan: Required.

MONITORING REPORT DETAIL

A. Administrative Review: Subgrantee in compliance (3 items); Subgrantee not in compliance (1 item); Not applicable for Subgrantee (4 items).

1. **Review of Audit Report:** Not applicable for Subgrantee (2 items).
2. **Grant Assurances:** Subgrantee in compliance (1 item).
3. **Grant Approval Notification:** Subgrantee in compliance (2 items).
4. **Performance Reports:** Not applicable for Subgrantee (1 item).
5. **Homeland Security Strategies:** Subgrantee not in compliance (1 item).

Requirement: Per the program overview for both the State Homeland Security Program and Law Enforcement Terrorism Prevention Program the goals and activities from these FY04 programs must be included from the State Homeland Security Strategy.

Finding #1: The subgrantee did not submit a copy of the State Homeland Security Strategic Plan.

Action Required: The subgrantee must submit a copy of its State Strategy for Homeland Security Plan. A copy of the title page and table of contents would be acceptable.

6. **Publication of Materials:** Not applicable for Subgrantee (1 item).

B. Programmatic Review: Subgrantee in compliance (2 items); Not applicable for Subgrantee (4 items).

1. **Program Goals & Objectives:** Subgrantee in compliance (2 items).
2. **Exercise:** Not applicable for Subgrantee (2 items).
3. **Training:** Not applicable for Subgrantee (1 item).

Department of Water Resources Monitoring Report

C. **Financial Management:** Subgrantee in compliance (7 items); Subgrantee not in compliance (3 items); Not applicable for Subgrantee (3 items).

1. **Accounting System:** Subgrantee in compliance (4 items); Subgrantee not in compliance (4 items).

a. Financial Reporting: Subgrantee not in compliance (1 item).

Requirement: Per 28CFR66.20 (b) (2), the Subgrantee must maintain accurate and current financial reporting information. All accounting records and supporting documentation must maintain a clear audit trail that ensures funds have not been used in violation of applicable statutes.

Finding #2: The subgrantee did not submit financial reporting information such a chart of accounts, general ledger or subledgers to track invoices.

Action Required: The subgrantee must submit financial reporting information such a chart of accounts, general ledger or subledgers to track invoices. The subgrantee must also provide a corrective action plan that demonstrates that its financial management and record-keeping system will sufficiently account for all expenditures reported by funding source, activity (solution area), reimbursement period, projects, fund source, individual grant year and solution area .

b. Source Documentation: Subgrantee not in compliance (1 item).

Requirement: 28CFR66.20(b)(6)-FG-Part III, Chpt 12 p.102 states "Accounting records must be supported by such source documentation as the general ledger, supporting accounting transactions, subsidiary ledgers, cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrantee award documents, etc."

Finding #3: Although the subgrantee did provide a group of invoices, the subgrantee did not provide invoices for the requested reimbursement request period July 1, 2004 through June 30, 2005. With the exception of reimbursement request period November 1 through November 30, 2006, the invoices did not have subledgers to identify them with the reimbursement request period although the stamps on the aforementioned reimbursement request period indicated a general ledger account. Further, although some of the invoices have cost object numbers on the stamp, a chart of accounts is still necessary to identify the cost object number. For example, the period for July 1, 2004 through May 31, 2005 indicated \$76,329 and the period for June 1, 2005 through June 30, 2005 indicated \$33,546. The invoices submitted do not indicate the period requested.

Department of Water Resources

Monitoring Report

- C. 1. b. ***Finding #3:*** Although the subgrantee did provide a group of invoices, the subgrantee did not provide invoices for the requested reimbursement request period July 1, 2004 through June 30, 2005. With the exception of reimbursement request period November 1 through November 30, 2006, the invoices did not have subledgers to identify them with the reimbursement request period although the stamps on the aforementioned reimbursement request period indicated a general ledger account. Further, although some of the invoices have cost object numbers on the stamp, a chart of accounts is still necessary to identify the cost object number. For example, the period for July 1, 2004 through May 31, 2005 indicated \$76,329 and the period for June 1, 2005 through June 30, 2005 indicated \$33,546. The invoices submitted do not indicate the period requested.

Action required: The subgrantee must provide a chart of accounts as well as the appropriate subledgers to properly identify the invoices and the source documents. The corrective action plan must demonstrate how the subgrantee will ensure that all invoices will indicate the appropriate grant program, grant source, fiscal year, project, budget, date and signature of authorized agent (the monitor recommends using a stamp to reflect this information), or proper coding and/or fund accounting will take place.

- c. *Double Billing:* Subgrantee not in compliance (1 item).

Requirement: Pursuant to 28CFR66.20 (b) (2) the subgrantee must ensure that costs charged to OHS were not also billed and/or reimbursed by other funding sources.

Finding #4: At the time of the desk review, the subgrantee did not provide a financial record system to ensure that the subgrantee had not in fact doubled billed grant related funds. Due to a lack of consistency with invoice coding on the part of the subgrantee, the subgrantee can not themselves ensure that they have not in fact doubled billed. See C.1.a.

Action required: Providing the supporting documentation and subledger will resolve this finding. The subgrantee must not only submit the supporting documentation requested in C.1.a., the subgrantee must also submit a written corrective action plan that ensures that all original and subsidiary documentation has safeguards that adequately ensures that costs charged to OHS grants are not also billed and/or reimbursed by other funding sources by containing the necessary information pertaining to expenditures.

- d. *Supplanting:* Subgrantee in compliance (1 item).
- e. *Accounting Basis:* Subgrantee in compliance (1 item).
- f. *Commingling of Funds:* Subgrantee in compliance (1 item).

Department of Water Resources Monitoring Report

- C. 1. g. General Ledger Accounting Structure: Subgrantee not in compliance (1 item).

Requirement: 28 CFR 66.20(b) (2) states, in part, that subgrantees must maintain records which accurately identify the source and application of funds provided. These records must contain information pertaining to outlays and/or expenditures.

Finding #5: At the time of the desk review the subgrantee was unable to submit a general ledger for each grant year monitored that accurately reflected the cost expenditures separated by activity, reimbursement period, projects, and fund source and solution area activities.

Action Required: The subgrantee must submit a general ledger for each grant year monitored that accurately reflected the cost expenditures separated by activity, reimbursement period, projects, and fund source and solution area activities. The subgrantee must also provide a corrective action plan that ensures a general ledger and/or subledgers will be provided for proper tracking of invoices.

- h. Costs Directly Related: Subgrantee in compliance (1 item).

2. **Distribution of Funds**: Not applicable for Subgrantee (1 item).
3. **Advance of Funds**: Not applicable for Subgrantee (2 items).
4. **Change Request/Modifications**: Subgrantee in compliance (2 items).
5. **Records Maintenance**: Subgrantee in compliance (1 item).

- D. **Fiscal: Personnel Services**: Not applicable for Subgrantee (6 items).

- E. **Fiscal: Procurement**: Subgrantee in compliance (5 items).

1. **Responsibility**: Subgrantee in compliance (1 item).
2. **Methods of Procurement**: Subgrantee in compliance (4 items).

- F. **Fiscal: Equipment & Property Management**: Subgrantee in compliance (2 items); Subgrantee not in compliance (2 items); Not applicable for Subgrantee (1 item).

1. **Equipment Purchases**: Subgrantee in compliance (2 items); Not applicable for Subgrantee (1 item).

Department of Water Resources Monitoring Report

- F. 1. a. Allowable and Applicable Equipment: Subgrantee in compliance (1 item).
- b. Prior Approval and Acquisition: Subgrantee in compliance (1 item).
- c. Proficiency Training: Not applicable for subgrantee (1 item).
2. **Property and Records keeping**: Subgrantee not in compliance (2 items).
- a. Inventory Control: Subgrantee not in compliance (2 items).

Requirement: Pursuant to DOJ Financial Guide Part III, Chpt. 6, page 64, Subgrantees must maintain records including: description, serial or other identification #, source, title holder, acquisition date, cost of property, location, condition, and use, and a physical viewing conducted at least every two years" "A control system be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property....verify existence, current utilization and continued need for the equipment;" "And...adequate maintenance procedures must be developed to keep the property in good condition."

Subgrantees are also required to conduct a physical inventory of grant purchased property at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

Finding #6: The subgrantee did not provide any identifiable inventory record that described the equipment, property, disposition, maintenance procedures or other information necessary to ascertain the use, condition of the equipment purchased by any of the grant programs reviewed. Nor was any written property management policy provided that demonstrated how and when grant related equipment was inspected.

Action Required: The subgrantee must submit an Equipment Inventory Log Sheet for each of the grant programs reviewed. The subgrantee must inspect all equipment purchased with OHS grant funds to ensure it is in usable condition and in a state of readiness. The subgrantee must also provide in the corrective action plan a report on how they intend to implement and ensure consistent inventory control of all equipment and property obtained through the grant programs.

- b. Property Management: Subgrantee not in compliance (1 item).

Department of Water Resources Monitoring Report

- F. 2. b. **Requirement:** As stated in F.2.a., Pursuant to DOJ Financial Guide Part III, Chpt. 6, page 64, Subgrantees must maintain records including: description, serial or other identification number, source, title holder, acquisition date, cost of property, location, condition, and use, and a physical viewing conducted at least every two years”

Finding #7: As stated in F.2.a., the subgrantee did not provide any identifiable inventory record that described the equipment, property, disposition, maintenance procedures or other information necessary to ascertain the use, condition of the equipment purchased by any of the grant programs reviewed. Nor was any written property management policy provided that demonstrated how and when grant related equipment was inspected.

Action Required: As stated in F.2.a., the subgrantee must submit an Equipment Inventory Log Sheet for each of the grant programs reviewed. The subgrantee must inspect all equipment purchased with OHS grant funds to ensure it is in usable condition and in a state of readiness. The subgrantee must also provide in the corrective action plan a report on how they intend to implement and ensure consistent inventory control of all equipment and property obtained through the grant programs.

- G. **Subgrantee Monitoring & Oversight:** Not applicable for Subgrantee (5 items).

Monitoring Report Response Form

TO: Governor's Office of Homeland Security Grant Numbers: 2004-0045
Grants Management Section
Monitoring & Audits Unit Monitoring Control #M08-031
State Capitol
Sacramento, CA 95814 Number: _____

Attention: Brendan A. Murphy Response Due: Date: March 15, 2009
Deputy Director

FROM: Subgrantee: State Department of Water Resources

Completed



I have reviewed the above referenced monitoring report and have submitted for your review and approval, an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff.


Authorized Signature

Lester Snow
Typed Name

Director
Title

Director
Title

4/10/09
Date

916 653-7007
Telephone Number